



Non-Energy Leasable Minerals – Assignments and Subleases

Assignments and Subleases

The following is general information on prospecting permits and preference right leases as covered by the Public Domain Mineral Leasing Act of 1920, as amended (30 U.S.C. 181 *et seq.*), the Acquired Lands Mineral Leasing Act of 1947, as amended (30 U.S.C. 351-359), and the Federal Land Policy and Management Act of 1976 (FLPMA), 43 U.S.C. 1701 *et seq*) which authorizes the management and use of the public lands. The regulations governing these minerals are found in the 43 CFR 3500 regulations.

Background:

The Bureau of Land Management (BLM) leases certain solid minerals, including phosphate, sodium, potassium, sulphur, gilsonite, or other hardrock minerals, on public domain and other Federal lands. These lands include areas managed by the BLM and the Forest Service. BLM can also lease these minerals on certain private lands, provided that the mineral rights are owned by the Federal government. BLM will issue prospecting permits in areas where the existence of a mineral deposit is unknown. If the permittee demonstrates the discovery of a valuable deposit of the leasable mineral for which BLM issued the permit, BLM may issue a preference right lease to that permittee without competition. There are other requirements for prospecting permits and preference right leases. An assignment or sublease of a permit or lease does not alter the permit or lease terms.

How do I assign my permit or lease?

An assignment is a written transfer of all or a portion of the record title interest from the owner of transferable interests in a permit or lease to any person, association, or corporation qualified to hold a permit or lease.

1. You must pay the filing fee of \$30.00. BLM will not accept any instrument without the filing fee.
2. Within 90 days of final execution of the assignment, you must submit 3 copies of your instrument for assignment of each permit or lease. The instrument must contain:
 - a. The assignee's name and current address;
 - b. The interest held by you and the interest you plan to assign;
 - c. The serial number of the permit or lease;
 - d. The amount of overriding royalty you retain, if any;
 - e. The date and your original signature on each copy as assignor; and
 - f. The assignee must also send BLM a request for approval of the assignment which must contain:
 - i. A statement of the assignee's qualifications and holdings, as required by 43 CFR 3502;
 - ii. Date and original signature of the assignee.
3. If you are assigning a portion of your permit or lease, we will create a new permit or lease for the assigned portion, if approved.

You remain responsible for the performance of all obligations under the permit or lease until the date we approve the assignment. You will continue to be responsible for obligations that accrued prior to the date of our approval of the assignment, whether or not they were identified at the time of the transfer.



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How do I sublease my permit or lease?

A sublease is a reversionary interest or right or re-entry to the use of the land in a permit or lease; if the lessee parts with the entire interest in the lease to a third party, it constitutes an assignment and not a subletting.

1. You must pay the filing fee of \$30.00. BLM will not accept any instrument without the filing fee.
2. Within 90 days of final execution of the sublease, you must submit 1 copy of the sublease between you and the sublessee. The instrument must contain:
 - a. The sublessee's name and current address;
 - b. The serial number of the permit or lease;
 - c. The sublessee must also send BLM a request for approval which must contain:
 - i. A statement of the sublessee's qualifications and holdings, as required by 43 CFR 3502;
 - ii. Date and original signature of the sublessee.

After BLM's approval of a sublease becomes effective, the sublessor and sublessee are jointly and severably liable for performance of all obligations under the permit or lease.

How do I transfer operating rights in my permit or lease?

The operating agreements convey to the operator the operating rights in the lands. Holders of operating agreements and operating rights, or working interest, cannot relinquish, sublease or assign leases.

1. You must pay the filing fee of \$30.00. BLM will not accept any instrument without the filing fee.
2. Within 90 days of final execution of the agreement, you must submit 1 copy of the agreement to transfer operating rights. The instrument must contain:
 - a. The transferee's name and current address;
 - d. The serial number of the permit or lease;
 - e. The transferee must also send BLM a request for approval which must contain:
 - i. A statement of the transferee's qualifications and holdings, as required by 43 CFR 3502;
 - ii. Date and original signature of the transferee.

Must I notify BLM if I intend to transfer an overriding royalty to another party?

Yes. Although we do not approve these transfers, you must file all overriding royalty interest transfers with the BLM within 90 days from the date of execution. An overriding royalty interest is considered to be an interest in a lease, and once created by reservation or assignment, is subject to further assignment.

1. You must pay the filing fee of \$30.00. BLM will not accept any instrument without the filing fee.
2. A statement of the transferee's qualifications and holdings, as required by 43 CFR 3502;

Please note that any fees submitted, in no way will insure favorable action on an assignment or sublease. This handout is intended to describe the assignment and sublease process only. There are other requirements for prospecting permits and preference right leases, which can be found at 43 CFR 3500.